

Special Education Funding

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Montana Office of Public Instruction
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Topics

- Funding Sources and Budgeting Requirements
- Reversion and Maintenance of Effort



Funding Sources

- Block Grants, the Local Match, and the Minimum Amount to Avoid Reversion
- Reimbursement for Disproportionate Costs
- Special Education Tuition
 - **SB 191**
- IDEA Part B and Preschool
- Medicaid
- Impact Aid



State Special Education Funding

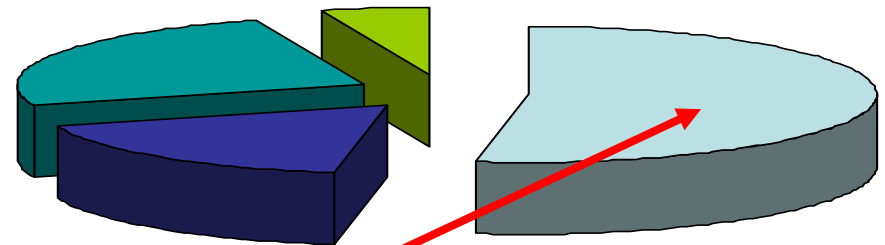
General Principles (ARM 10.16.3804)

- Funding based on legislative appropriation and current year ANB
- Local contributions (match) is required
- Expenditure of funds limited to certain allowable costs to provide services to children with disabilities
- Block grant system allows flexibility in methods within allowable cost guidelines
- OPI uses TFS data to calculate payments, MOE and Reversion



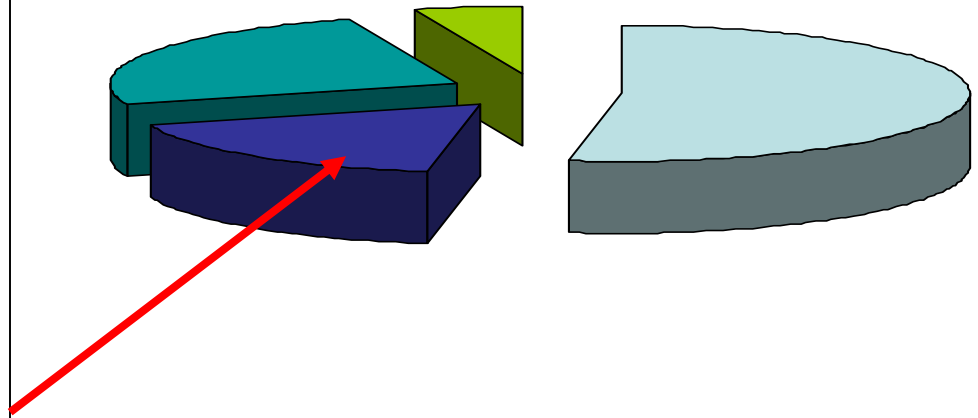
Instructional Block Grant (IBG)

- 52.5% of legislature's special ed allocation
- Funded on per-ANB basis (current ANB)
- Paid directly to district
- Part of BASE Budget
- 33% Match required



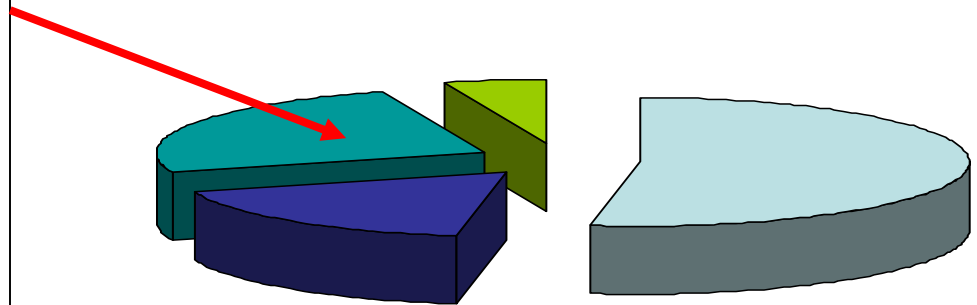
Related Services Block Grant (RSBG)

- 17.5% of legislature's special ed allocation
- Funded on per-ANB basis (current ANB)
- Paid to district, or if member, to the Coop
- Part of BASE Budget
- 33% Match required



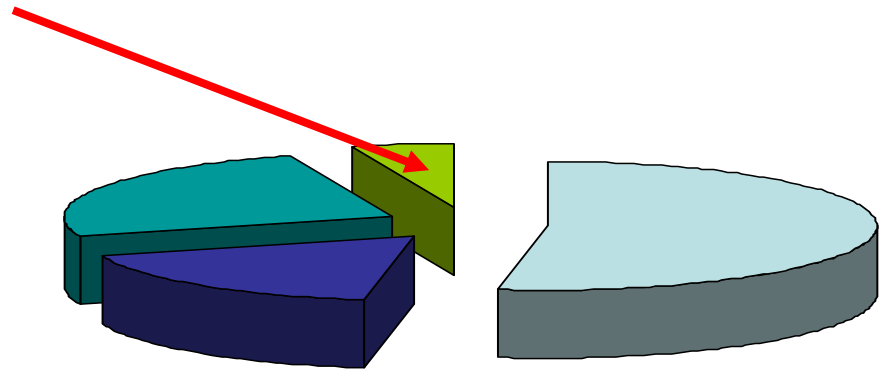
Reimbursement for Disproportionate Costs

- 25% of legislature's special ed allocation
- Intended to reimburse those districts with unusually high special education costs
- Paid only to districts, not to Coops
- Part of Special Ed Allowable Cost Payment
- No requirement to spend on Special Ed costs
- Rate is \$0.40 for every \$1 spent above threshold



Coop Admin & Travel

- 5% of legislature's special allocation
- 60% based on ANB counts of member districts
- 40% based on # of member districts, FTE for itinerant personnel, CY ANB of member districts and # of road miles within co-op boundaries



State Special Education Funding

Quality Educator Payment (20-9-327, MCA)

- Based on # of full-time equivalent educators
 - Licensed educators
 - Licensed professionals
- Distributed to:
 - School Districts
 - Special Education Cooperatives
 - MT School for the Deaf & Blind
 - State youth correctional facilities
 - Montana Youth Challenge Program



Special Ed Tuition

- For Out-of-District Attendance Situations
- Regular Tuition Form (FP-14) and Special Education Tuition Form (FP-14A) required
- Regular Ed Tuition rates are limited by Montana Code Annotated (MCA)
- Special Ed Tuition rates have three options when calculated (Option A, Option B, and Option C)



Special Ed Tuition

For In-District Attendance Situations (SB 191)

- Student must be district resident – students attending under a tuition agreement are not eligible
- Levy must be restricted to the actual cost of service under the student's individualized education program (IEP) minus the following:
 - The student's state special education payment – calculated as the district's total state special education payment for year of enrollment divided by the district's current ANB for year of enrollment
 - The student's federal special education payment – calculated as the district's federal allocation for the year of enrollment divided by the official October enrollment for the prior year
 - The student's per ANB amount – the first ANB for the year of enrollment
 - The prorated portion of the district's basic entitlement for each qualifying student – calculated as district's total basic entitlement for the year of enrollment divided by the district's budgeted ANB for the year of enrollment
 - The prorated portion of the district's general fund payments in 20-9-327 through 20-9-329 for each qualifying student – calculated as the sum of these payments for the district for the year of enrollment divided by the district's budgeted ANB for the year of enrollment



Special Ed Tuition

State Paid Tuition 20-5-321(d) and (e), MCA

- OPI pays tuition and transportation costs for non-resident students if:
 - the child is under the protective care of a state agency or has been adjudicated to be a youth in need of intervention or a delinquent youth, as defined in 41-5-103, or
 - the child is required to attend school outside of the district of residence as the result of a placement in foster care or a group home licensed by the state.



IDEA Part B Funding

- Federal program
- “IDEA” = Individuals with Disabilities Education Act
- Coops receive allocations on behalf of member districts
- Allocated based on formula in IDEA
- Sequestration



Special Education Funding Medicaid Reimbursements

- Administered by Dept. of Public Health & Human Services (DPHHS)
- DPHHS Contact: Rena Steyaert
- Available programs
 - Direct Services or Direct Care
 - Medicaid Administrative Claiming (MAC)
 - Comprehensive School & Community Treatment (CSCT)



Special Education Funding Sources

Impact Aid

- Flat allocation based on Child Count, LOT percentage
- Must spend for special ed purposes
- Funds may be accumulated from year to year
- Counts toward reversion spending
- Does not count toward IDEA Part B MOE
- May access Retirement Fund (14) for employer share of retirement costs for employees paid with Impact Aid funds



Allowable Costs, Reversion and MOE

- Allowable Costs
 - State Funds
 - Federal Funds
- Reversion
- Maintenance of Effort



State Special Education Allowable Costs

Allowable costs (costs for special education programs)

- See 20-7-431, MCA

Instructional services

Related services

- ARM 10.16.3806 instructional services
- ARM 10.16.3807 related services
- ARM 10.16.3808 cooperatives



State Special Education Allowable Costs

Allowable costs do not include the entire cost of operating a special education program

ARM 10.16.3805 excludes:

- Employer contributions to TRS, PERS, FICA, and unemployment insurance
- Admin, teachers or aides necessary to meet accreditation
- Transportation (see also ARM 10.16.3820)
- Most administrative support personnel
- Overhead costs



State Special Education Allowable Costs

Allowable expenditures to avoid reversion
picked up from the following funds

ARM 10.16.3813(2)(a):

- General (01)
- Tuition (13)
- Metal Mines (24)
- State Mining Impact (25)
- Impact Aid (26)



State Special Education Allowable Costs

Expenditure codes counted toward reversion:

(Program)	(Function)	--(Objects)--
– 280	1XXX	1XX - 7XX
– 280	21XX	1XX – 7XX
– 280	221X	1XX - 7XX
– 280	222X	1XX - 7XX
– 280	24XX**	1XX - 2XX
– 280	62XX	920

**** Only allowed if the special education director is certified.**



IDEA Part B Funds

Allowable: Cost of Delivering IEP Services

- Salaries of special education personnel
 - RTI
- Equipment
- Supplies/Materials
- Personnel Training
- Administrative costs of cooperative
- Assistive technology/adaptive equipment
- Transportation related to provision of special education services
- Construction or Alteration of facilities (additional requirements)



IDEA Part B Funds

Allowable Costs

Other considerations

- IDEA grant must pay employer share of retirement costs for employees paid with IDEA funds
 - TRS
 - PERS
 - FICA
 - Unemployment
- Carryover: 100% of current year award



Medicaid Reimbursements

- Deposit Medicaid receipts in Misc. Programs Fund (15)
- May be used for any school purpose (20-9-507, MCA)
- Expenditures coded to program 280 do not count toward IDEA Part-B MOE
- No deadline in which to spend money



Reversion Coop and Non-Coop

Coop member districts:

Instructional Block Grant

+ 1/3 Instructional Block Grant
+ 1/3 Related Services Block Grant
= Minimum Sp Ed Expenditures to
Avoid Reversion

Non-member districts:

Instructional Block Grant

+ Related Services Block Grant
+ 1/3 Instructional Block Grant
+ 1/3 Related Services Block Grant
= Minimum Sp Ed Expenditures to
Avoid Reversion

Coop Member?

Yes: RSBG Paid to Coop

No: RSBG paid to and budgeted for at the district level



Reversion Coop and Non-Coop

Coop member districts:

Instructional Block Grant

- + 1/3 Instructional Block Grant
- + 1/3 Related Services Block Grant

= Minimum Sp Ed Expenditures to Avoid Reversion

Non-member districts:

Instructional Block Grant

- + Related Services Block Grant
- + 1/3 Instructional Block Grant
- + 1/3 Related Services Block Grant

= Minimum Sp Ed Expenditures to Avoid Reversion

**ALL Districts must
match IBG and RSBG**



Reversion Expenditures

- Listed in 20-7-431, MCA
 - Picked up from following funds:
 - General (01)
 - Tuition (13)
 - Metal Mines (24)
 - State Mining Impact (25)
 - Impact Aid (26)
 - Expenditure codes counting toward reversion:
 - 280 1XXX 1XX - 7XX
 - 280 21XX 1XX – 7XX
 - 280 221X 1XX - 7XX
 - 280 222X 1XX - 7XX
 - 280 **24XX*** 1XX - 2XX
 - 280 62XX 920
- * Salaries and benefits under function 24XX are only allowed if a certified special education director is employed.**



Reversion Expenditures

- Listed in 20-7-431, MCA
- Picked up from following funds:
 - General (01)
 - Tuition (13)
 - Metal Mines (24)
 - State Mining Impact (25)
 - Impact Aid (26)

**NOTE: Money and match
sent to the coop is
“Allowable Cost!”**

- Expenditure codes counting toward reversion:
 - 280 1XXX 1XX - 7XX
 - 280 21XX 1XX - 7XX
 - 280 221X 1XX - 7XX
 - 280 222X 1XX - 7XX
 - 280 24XX* 1XX - 2XX
 - **280 62XX 920**

* Salaries and benefits under function 24XX are only allowed if a certified special education director is employed.



IDEA Part B Funds

Maintenance of Fiscal Effort

Basic Requirement

*IDEA Part B Funds may not be used to reduce the level of state/local or local fund expenditures for special education below the level of expenditures for the preceding fiscal year.



Maintenance of Effort Expenditures

Fund	Used in Coop	Used in District MOE?	Expenditure Programs INCLUDED:	Expenditure Functions EXCLUDED, even when spent for special ed:	Expenditure Objects EXCLUDED, even when spent for special ed:
01 General		X	280 Special Ed	5XXX Debt Service	910 Operating Transfers to other funds 920 Resource transfers to other districts/coops (local \$) 930 Resource transfers to other districts/coops (federal \$) 971 Residual equity transfers out
10 Transportation	X	X			
13 Tuition		X			
14 Retirement	X	X			
24 Metal Mines		X			
25 State Mining Impact		X			
82 Interlocal Agreement	X (382)	X (182, 282)			
15 Misc. Programs	X	X	ONLY 280 expenditures made using funds 3450 Accel. LGST 3610 (Services for Significant Needs Students) 5710 Special Ed Transfers - IN		



How Does An Applicant Know If They Maintained Effort?

- OPI calculates MOE using the Trustees' Financial Summary (TFS)
- OPI sends two reports to the Part B applicant
 - Preliminary and Final
- Both Reports show
 - expenditures for state/local funds
 - allowed reduction and decrease in enrollment (calculates per capita)



Maintenance of Fiscal Effort Allowed Exceptions

1. Voluntary departure, by retirement or otherwise, or departure for just cause of special education personnel *
2. Decrease in enrollment of children with disabilities
3. Termination of the obligation of the district to provide a special education program to a particular child that is exceptionally costly (e.g., student left the district; no longer requires the special education program) *
4. Long-term purchases (i.e., equipment/ facilities)

* District must document to OPI



IDEA Part B Maintenance of Effort

Allowable Reduction:

- If IDEA B allocation exceeds prior year allocation, applicant may treat as local funds up to 50% of the difference
- Must spend on qualifying Elementary and Secondary Education Act (ESEA) activities or Early Intervening Services (EIS)
- Only available to districts that have a “Meets Requirements” level of determination



IDEA Part B Maintenance of Effort

Determining required spending level to maintain effort:

Prior year state and local expenditures

Less: Allowable Reductions

Less: Exceptions

= Required state & local spending levels



Similarities between Reversion and MOE

- Both look at state and local special education expenditures
- Expenditures are tracked for both via Trustees' Financial Summary (TFS)
- Failure to meet requirements results in less special education funds for the district



	REVERSION *STATE Requirement	MOE *FEDERAL Requirement
Affected fund(s)	General (01)	General (01) Misc Programs (15)
Tracked by	District	District and Coop
Purpose	Ensure local funds match state dollars (state law)	Ensure federal funds are not used to supplant state/local funds
Inadequate spending results in	Reduced state special ed allowable cost payment in ensuing year	Repayment to OPI with local funds and OPI Repays Feds
Basis for determination	ANB, legislative appropriation (Block Grants)	Prior year state and local expenditures



Timeline

- 2nd Mon in Sept: TFS due **Taxable Values**
- November 20: OPI calculates preliminary MOE and notifies schools
- December 20: Last date for TFS changes
- January – February: OPI reduces state payment by reversion amount
- April: OPI reports final MOE status



Timeline

- March:
 - Preliminary Budget Data Sheets published by OPI
- April:
 - Special Education Cooperative Funding Report
 - Quality Educator Component Cooperative Report
 - IDEA Preliminary Allocations
- July:
 - Final IDEA Allocations



Reversion and MOE

- Guess what? These requirements aren't going anywhere.
- They both still apply as they always have.
- MOE has some flexibility, but reversion does not.



OPI Support for Budgeting

- E-Grants
 - Kate Vatter 444-0864 (kvatter2@mt.gov) available for assistance using the E-Grants application
- OPI staff
 - Dick Trerise 444-4429 (dttrerise@mt.gov) available to answer questions regarding procedural requirements when calculating maintenance of fiscal effort or completing budget applications

